

Educational Loan Notes

Monthly Newsletter



[MGA Home](#)

March 2008

COLLEGE GOAL SUNDAY 2008

The fifth annual College Goal Sunday set statewide records in Michigan for the total number of volunteers and participants, despite four sites having to cancel due to adverse weather conditions. Almost 600 volunteers participated in College Goal Sunday across the state to assist students and parents with completing the Free Application for Federal Student Aid. Michigan hosted 27 sites and approximately 1,907 students attended (a slight increase from 2007).



Judi Marks from MSU explains the FAFSA.

The Lansing site, at Lansing Community College's (LCC) West Campus, also set a record for the number of students served (120) and for the number of financial aid volunteers (27) who provided assistance. [Click here](#) to watch a two-minute video highlighting the day's activities at LCC. The volunteers working at College Goal Sunday all have financial aid expertise to help students and families. The Lansing site volunteers included seven staff from Michigan State University's Financial Aid Office, five staff from LCC, 12 staff from the Student Financial Services Bureau, one staff person from EduGuide, one guidance counselor from Pottersville High School, and one staff person from the Michigan Department of Human Services.

We want to extend our heartfelt appreciation to all of the dedicated professionals who participated in College Goal Sunday throughout the state.

For further information regarding College Goal Sunday, please contact Peggy LaFleur at 1-800-642-5626, extension 38319, or via email at lafleurp@michigan.gov.

MGA SPRING SCHOOL WORKSHOPS

MGA's 2008 Spring School Workshops will be held on Tuesday, May 20 at Grand Rapids Community College's Tassell M-TEC and Wednesday, May 21 at Schoolcraft College's VisTaTech Center in Livonia.

Tentative agenda topics include:

Federal update. Recent legislation made significant changes to the administration of federal student aid. This update reviews the final rules issued in November 2007 and the provisions likely to be addressed during 2007-2008 Negotiated Rulemaking. The session will provide a summary of the College Cost Reduction and Access Act, with emphasis on the various loan provisions of this legislation, as well as an update on the status of the reauthorization of the Higher Education Act of 1965.

Veterans' Education Benefits. This session assists financial aid administrators in understanding the educational benefits available to U.S. veterans. The presentation will include a review of the regulatory and policy requirements that schools must follow when processing financial aid for students who receive veterans' benefits and a summary of the loan repayment benefits available to veterans.

Common Audit Findings. Understanding common audit and program review findings can help your school identify potential problem areas and correct them before an auditor sets foot on your campus. In addition to listing the most common audit findings, the session describes the differences between audits and program reviews and targets several compliance issues involving return of Title IV funds, verification, and loans.

The meeting sites are handicapped accessible, including parking. Individuals with disabilities who need mobility, visual, hearing, and/or other assistance for effective participation should indicate such needs when registering. All such requests should be directed to Jim Swisk at 1-800-642-5626, extension 37121 at least ten days before the workshop. Requests received after that time cannot be guaranteed.

The workshop announcement will be sent electronically in April with a complete agenda and registration form. If you have questions or suggestions for topics to include in future workshops, please feel free to contact Jim Swisk at extension 37121 or via email at swiskj@michigan.gov.

BORROWER LOAN DEBT SUMMARY REPORT

The Michigan Guaranty Agency (MGA) has a report available for schools to use in their default aversion and early awareness efforts. The Borrower Loan Debt Summary Report can be generated by MGA for any school that would like a list of all borrowers and their cumulative loan debt guaranteed by MGA.

The report is available in two options:

Option One: Includes only data from loans guaranteed by MGA and can target borrowers at specific grade levels. For example, a school may wish to send every second-year student a copy of their cumulative loan debt amounts. Several schools have commented that borrowers can sometimes go through their entire program without knowing the cumulative amount of their loan debts. For that reason schools may prefer to send this report to borrowers after their second year while other schools may prefer to send it during the third year. MGA is able to generate the Borrower Loan Debt Summary Report for any academic year the school chooses. This report may serve as a reminder to borrowers and may encourage them to borrow less in future academic years.

Option Two: Includes data from loans guaranteed by MGA as well as National Student Loan Data System (NSLDS) loan volume. This means loans guaranteed by other guarantors and Federal Direct Loan Program (FDLP) volume would be included in the report. While this report will contain better data for borrowers with loans from multiple guarantors or FDLP loans, it cannot be used to target a specific grade level. Schools that choose this option will receive a report for every borrower in their population with loans. In addition, the report is currently generated with two copies of each borrower's report. This can become cumbersome for schools with a large

student population. Enhancement to this report to allow for grade-specific targeting should be available in the spring of 2008.

Schools that are interested in receiving this report should contact Stacy Cardwell via email at cardwells@michigan.gov or by telephone at 1-800-642-5626, extension 36074.

ED SPRING TRAINING

The U.S. Department of Education (ED) is conducting a series of one-day workshops nationwide between April and June 2008, with one workshop scheduled for Michigan. The workshops will provide regulatory and legislative updates and training on many new and important issues.

The agenda will include the following:

- ACG/National SMART Grant final regulations published on 10/29/07.
- Both sets of final regulations published on 11/01/07 that contain information on disbursements, cash management, R2T4, FFEL/DL, and Perkins loans.
- College Cost Reduction and Access Act (CCRAA)
- TEACH Grant

The Michigan workshop will be held on May 14, 2008, at Lansing Community College in Lansing. Registration is required for the workshop, and an announcement with registration information will be posted on the IFAP Web site (www.ifap.ed.gov) soon. Please check periodically on IFAP for the announcement.

MGA ACHIEVES A NEW BEST IN NSLDS REPORTING ACCURACY

The Michigan Guaranty Agency's (MGA) National Student Loan Data System (NSLDS) area recently posted a new all-time high in cumulative loan error accuracy. The achievement duplicated in September, October, and December 2007 bested the previous high recorded in July 2007. MGA's NSLDS area primarily researches errors from edit reports received from NSLDS on a monthly basis and contacts the appropriate lenders and schools to have them correct reporting and eliminate inconsistencies. MGA consistently and significantly exceeds industry averages for accuracy in NSLDS reporting. According to our NSLDS coordinator, Helen Kitchenmaster, MGA has accomplished this by being more proactive in our approach to pursue accuracy before discrepancies are reported to the database.

NSLDS is the national database of information about loans and grants awarded to students under Title IV of the Higher Education Act (HEA) of 1965, as amended. NSLDS provides a central, integrated view of these loans and grants during the entire life of the loans. This includes aid approval, disbursement, repayment, delinquency, and closure.

Sources for the information housed on NSLDS include the Federal Family Education Loan Program (FFELP) for information on federal student loans, the U.S. Department of Education (ED) Debt Collection Services (DCS) for information on defaulted loans held by ED, the Federal Direct Loan Program (FDLP) for information on Federal Direct student loans, the Federal Pell Grant Program for Pell Grant information, the Central Processing System (CPS) for applicant information, and guaranty agencies, schools, and lenders for information on students, loans, and grants. Information is reported by these entities at least monthly and helps all parties identify and correct inconsistencies.

You may call the NSLDS Customer Service Center at 1-800-999-8219 Monday through Friday, 8:00 am to 9:00 pm ET or email them at nslds@ed.gov. The NSLDS Web site is also available at

www.nsls.ed.gov. To reach MGA for questions regarding NSLDS, contact Customer Services at 1-800-MGA-LOAN, extension 77009.

METEOR USAGE CONTINUES TO GROW

Meteor Network traffic continues to increase as more and more organizations implement access for students through standard Meteor implementations and through customized applications of the software being integrated into current online services. In 2007, Meteor realized an over 600 percent increase in usage since access to students was first made available in 2006.

Additionally, the Meteor project team is currently working on two pilot implementations for early 2008. The first will establish colleges and universities as Authentication Agents to the Meteor Network. This will allow students to access the Meteor Network utilizing their campus authentication. The Meteor team is also working on a custom application which will combine information from the Meteor Network and local campus online award letter information. This will allow a student to review their borrowing history prior to accepting new loans. Detailed information about these pilot projects will be released soon.

Meteor is a collaborative effort within the student aid industry to simplify and aggregate access to student financial aid information. Founded by more than 30 industry participants, and coordinated by the National Council of Higher Education Loan Programs (NCHELP), the Meteor software provides open, non-proprietary, real-time access to all available aid information for a student, and aggregates it for display to students, financial aid professionals, and customer service staff.

STAFFORD MPN EXPIRATION DATE EXTENDED

The Office of Management and Budget (OMB) has extended the expiration date for the current Stafford MPN forms from 02/29/2008 to 05/31/2008. The current forms with the 02/29/2008 expiration date will remain valid for use until the new forms are approved by OMB and implemented.

Confirmation of OMB's extension may be obtained from its Web site at: <http://www.reginfo.gov/public/do/PRAOMBHistory?ombControlNumber=1845-0006>. Click on the most recent "approved" link.

ED ANNOUNCES NEW ADDRESSES FOR SUBMITTING COMPLIANCE AUDITS

Lenders and lender servicers need to be aware of a change in address for the submission of compliance audits. In a February 19, 2008, [Notice of Change of Address](#), the U.S. Department of Education reported the following new addresses for sending the information by express and U.S. mail:

Express Mail

US Department of Education
FSA/Program Compliance
830 First St, NE
Attn: FPEO
Room 73-A-5

US Postal Service

US Department of Education
FSA/Program Compliance
830 First St, NE
Attn: FPEO
Room 71-I-1

Washington, DC 20002-5402

Washington, DC 20002-5402

Please note that audits performed in accordance with Office of Management and Budget Circular A-133, Audits of Institutions of Higher Education and Other Nonprofit Institutions, should continue to be sent to the Federal Audit Clearinghouse, with a copy mailed to one of the above addresses.

If you have questions regarding the new mailing addresses for compliance audits, please email fpeno.complianceaudits@ed.gov.

ED PIPELINE

MGA is providing you with descriptions and links to some of the most recent correspondence for schools and lenders from the U.S. Department of Education (ED).

Dear Partner

February 2008

ANN-08-01

This letter announces additional training sessions on the National Student Loan Data System (NSLDS) using ED's Distance Education system. Topics covered include an overview of the NSLDS system, how to make changes to student data, add users, how to read codes within the system as well as report overpayments and use the transfer monitoring function.

Electronic Announcements

- [03/06/2008](#) Summary: Required EDconnect v7.2 and TDCClient INI file upgrade – reminder
- [03/05/2008](#) Summary: Resources for blind and visually impaired students
- [03/04/2008](#) Summary: Update your federal school code information by March 30, 2008
- [03/04/2008](#) Summary: COD system implementation for 2008-2009 Award Year
- [03/04/2008](#) Summary: Secretary Spellings letter to institutional presidents
- [02/29/2008](#) Summary: COD processing update
- [02/28/2008](#) Summary: 2008-2009 COD technical reference February 2008 updates now available
- [02/26/2008](#) Summary: Number of applications received by state for 2006-2007 and 2007-2008
- [02/25/2008](#) Summary: Number of applications received by school by source for 2006-2007 and 2007-2008
- [02/22/2008](#) Summary: COD processing update
- [02/21/2008](#) Summary: Electronic cohort default rate appeals process training sessions
- [02/21/2008](#) Summary: 2008-2009 ISIR reprocessing on February 22, 2008 for records improperly assigned Social Security Number (SSN) match flag of "1"
- [02/21/2008](#) Summary: 2005-2006 Pell Grant CFL reduction to G5 net drawdown warning message
- [02/20/2008](#) Summary: CCRAA operational implementation guidance (CPS, COD System, and EDESuite) – COD Common Record XML Schema Version 3.0a now available
- [02/19/2008](#) Summary: Notice of change of address
- [02/19/2008](#) Summary: 2008-2009 ISIR Analysis Tool Web Application now available
- [02/19/2008](#) Summary: FAFSA requirement for GRAD PLUS loans

UPDATES TO MGA'S PARTICIPATING LENDER LIST

MGA encourages school personnel to use the electronic version of the "Participating Lender List" which provides access to the most current lender information and eliminates the need for manually updating the paper document that is published once per year. The electronic list

is available on our Web site at mgaloan.com. From the MGA Quick List, select the Forms/Documents drop-down menu, and choose [Participating Lender Lists](#).

Schools continuing to use the paper version of the list dated May 4, 2007, should note the following changes on their paper copy.

If you have any questions regarding these updates, please contact Pat Fromm at 1-800-642-5626, extension 36076, or via email at frommp@michigan.gov.

Newly Participating Lenders

Bank of America, N.A., 806746, c/o SLMA, P.O. Box 147020, Gainesville, FL 32614-7020. Telephone: 888-272-5543.

Bank of America, N.A., 831846, c/o Nelnet, Inc., P.O. Box 82596, Lincoln, NE 68501-2596. Telephone: 877-804-3603.

Servicer Change

Bank of America, N.A., 831495, is now using ACS as its servicer. The address is c/o ACS, 2277 East 220th Street, Long Beach, CA 90810-1690. The telephone number is 800-835-4611.

No Longer Participating

The following lenders are no longer participating in FFELP with MGA:

- Edinvest Company, 833838
- Michigan Rural Rehabilitation Corp., 822648
- Montrose State Bank, 830293
- Muskegon Co-op Federal Credit Union, 827603
- Student Assistance Foundation, 834064
- Student Loan Xpress, 5/3 Bank as ELT, 833860
- USA Federal Credit Union, 830227
- U.S. Bank, N.A. ATF Brazos Educational Assistance, 833228
- U.S. Bank, N.A. ATF studentloans.com, 833962
- USEFC/US Bank N.A. as Trustee, 833770

UPDATES TO MGA'S ACTIVE MICHIGAN SCHOOL LIST

Information has been received from schools regarding recent changes that should be recorded by lenders on MGA's "Active Michigan School List" dated January 30, 2008. If you have any questions regarding these updates, please contact Stacy Cardwell at 1-800-642-5626, extension 36074, or via email at cardwells@michigan.gov.

Address Change

Dorsey Business Schools, Madison Heights, 004692-02

Delete 30821 Barrington Avenue. The new address is 30775 Barrington Avenue, Madison Heights, MI 48071. The telephone number and fax number remain the same.

Contact Information Update

Ecumenical Theological Seminary, Detroit, 040024-00

Delete Linda Barr. For assistance, contact Romona Irvin, Interim Financial Aid Director. Romona's telephone number is 313-831-5200, fax number is 313-831-1353, and email address is rirvin@etseminary.edu.

Ross Medical Education Center, Ann Arbor, 023397-00

Delete Jennifer Fredell. For assistance, contact Niaya Staples, Financial Aid Officer, at telephone number 734-434-7320, extension 130.

U.P. Academy of Hair Design, Escanaba, 034903-00

Delete Jennifer Johnson-Knight. For assistance, contact Steven Cowan, President. Steven's telephone number is 815-744-3385.

New Branch

Dorsey Business Schools, Farmington Hills, 004692-05

Address: 33045 Hamilton Court, Suite W200, Farmington Hills, MI 48334. For assistance, contact Christine Horler, Financial Aid Director. Christine's telephone number is 248-994-0133, fax number 248-994-0155, and email address is chorler@dorseyschools.com.

**“Q” & “A”
Disbursements**

How long does it take for a student to find out they have received the funds for a Stafford or PLUS loan?

The school must notify the student or the parent borrower if the school credits Stafford or PLUS loan proceeds to outstanding school charges. This notice must be issued no earlier than 30 days before and no later than 30 days after the school credits the student's account.

What are the requirements for a student or parent borrower wishing to cancel a loan?

A student or parent borrower must inform the school if he or she wishes to cancel all or a portion of a loan or loan disbursement. The school must return the loan proceeds, cancel all or a portion of the loan or disbursement, or do both if the school receives the request in either of these timeframes:

- Within 14 days after the date the school sends notification advising the student or parent borrower the school has credited the student's account at the school.
- By the first day of the payment period, if the school sends the notification more than 14 days prior to the first day of the payment period.

If the school has delivered all or a portion of the loan proceeds directly to the borrower or the student, then the school is responsible only for canceling and returning the portion of the loan proceeds that the school has credited to the student's school account to pay authorized charges. The borrower is responsible for returning to the lender any additional amount.

What happens when a student or parent borrower requests a cancellation on a Federal Stafford loan after the time period elapses?

If a student or parent borrower requests cancellation of a loan after the 14-day period or the first day of the payment period, the school may, but is not required to, return the loan proceeds, cancel all or a portion of the loan or loan disbursement, or do both.

What is the timeframe for delivery or return of loan proceeds?

There are three separate periods:

- **Initial Period.** A period of time a school has to deliver loan proceeds directly to the student or parent borrower, or to credit the student's account at the school. The length of this period of time is determined by whether the proceeds were received at the school by electronic funds transfer (EFT), master check, or individual check.
- **Conditional Period.** A ten-business-day delivery period after the last day of the initial period. A school may deliver funds during this period only if the school expects the student to complete the required number of clock or credit hours in a preceding payment period, or the school expects the student to meet all FFELP eligibility requirements within the conditional period.
- **Return Period.** A ten-business-day period following the initial or conditional period, as applicable, during which the school must return undelivered proceeds to the lender. If during the return period the school determines that the student has become eligible to receive the loan proceeds, the school may deliver the proceeds rather than return them to the lender.

Excerpts from Chapter 8 of the Common Manual, 2007 update.

CALENDAR OF UPCOMING EVENTS

May 2008

- | | |
|----|---|
| 14 | ED Spring Training
Lansing Community College
Lansing, Michigan |
| 20 | MGA Spring School Workshop
Grand Rapids Community College
M-TEC
Grand Rapids, Michigan |
| 21 | MGA Spring School Workshop
Schoolcraft College
VisTaTech Center
Livonia, Michigan |
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